Department of Justice

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NEW JERSEY LIQUOR COMPANY EXECUTIVE INDICTED FOR TAX CONSPIRACY AND EVASION IN CONNECTION WITH KICKBACK SCHEME

WASHINGTON, D.C. -- The Department of Justice today announced that a federal grand jury in Manhattan returned a two-count indictment against an executive of a New Jersey liquor company for taking more than $130,000 in cash kickbacks and failing to report the kickbacks on his federal tax returns.

The indictment, filed in U.S. District Court in New York City, charges Michael Luftglass of Marlboro, New Jersey with participating in a conspiracy to defraud the Internal Revenue Service, and with committing income tax evasion from early 1980 until March 1994.

Luftglass is currently the Senior Vice President and Director of Strategic Sales Development at William Grant & Sons Inc. (Grant), a New Jersey corporation which imports, distributes, and markets several brands of alcoholic beverages, including Glenfiddich scotch whisky, Clan MacGregor scotch whisky, and Frangelico liqueur.

To date, 23 individuals and nine corporations have pled guilty to various charges arising out of an ongoing federal investigation into bid-rigging, commercial bribery, and tax-related offenses in the point-of-purchase advertising and display industry.

According to the charges, Luftglass steered approximately $5 million in contracts to Genertra Affiliates Inc., a vendor of advertising and display materials located in Manhattan. In exchange for the contracts, Dani Siegel, the owner of Genetra, paid Luftglass at least $130,000 in cash kickbacks. Luftglass failed to report the kickbacks on his tax returns.

Siegel and Genetra earlier pled guilty to various federal crimes in connection with bid rigging and tax fraud.

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"This matter is just the latest in the Antitrust Division's ongoing crackdown on criminal conduct in the point-of-purchase advertising and display industry, " said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "This investigation has resulted in a number of significant prison sentences which should serve as a deterrent to other corporate employees who abuse a position of trust."

Earlier prosecutions have involved personnel at Philip Morris Inc. (New York City), Heublein Inc. (Farmington, Connecticut), Hiram Walker & Sons Inc. (Southfield, Michigan), Warner-Lambert Co. (Morris Plains, New Jersey), Austin Nichols & Co. Inc. (NewYork City), Lorillard Tobacco Co. Inc. (Greensboro, North Carolina), Joseph E. Seagram & Sons Inc. (Manhattan, New York), and Domecq Importers Inc. (Old Greenwich, Connecticut). In the past 15 months two former executives from Warner-Lambert, and one each from Austin Nichols, Lorillard, and Seagram & Sons, have been sentenced to prison terms ranging from four to 30 months.

Luftglass faces up to five years in prison, and a fine as much as $250,000 or twice the gross pecuniary gain or loss, for each count.

The investigation is being conducted by the New York Field Office of the Department of Justice's Antitrust Division, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

Anyone with information concerning bid rigging, bribery, or fraud in the advertising and display materials industry should contact the New York Division of the FBI at (212) 384-1000.

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